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COPYRIGHT OWNERSHIP— EVEN IRON MAN COULDN'T PROTECT THE WORK FOR HIRE DOCTRINE FROM THIRD-PARTY INFRINGERS

Elizabeth Vinson*

WHILE copyright ownership “vests initially in the author or authors of the work,” the Copyright Act carved out an exception for “works made for hire.”¹ The Copyright Act of 1909 created an “almost irrebuttable presumption that any person who paid another to create a copyrightable work was the statutory ‘author’ under the ‘work for hire’ doctrine.”² Appellate courts have been divided over whether third parties, meaning a party that is not a potential owner of the copyright, should be allowed to raise the work for hire doctrine as a defense to copyright infringement.³ In the Second Circuit’s most recent struggle with this issue, *Urbont v. Sony Music Entertainment*, the majority concluded that a third party could assert the work for hire provision as a defense to copyright infringement claims.⁴ However, this Note argues that the Second Circuit’s analysis was flawed because infringing third parties should not be able to escape liability through the work for hire doctrine.

Jack Urbont, a composer and producer, wrote theme songs for various Marvel Super Heroes television series.⁵ In 1966, he wrote the theme song for *Iron Man* and presented it to Marvel.⁶ Although there was no written agreement between Urbont and Marvel regarding the copyright of the song, a 1966 certificate of copyright registration by the U.S. Copyright Office named Urbont as the owner of the work.⁷ Additionally, “Urbont filed a renewal notice for the copyright in 1994” and “licensed the Iron

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1. 17 U.S.C. § 201(a)-(b) (2012).

2. *Easter Seal Soc’y for Crippled Children and Adults of La., Inc. v. Playboy Enters.*, 815 F.2d 323, 327 (5th Cir. 1987).

3. See *Urbont v. Sony Music Entm’t*, 831 F.3d 80, 86 (2d Cir. 2016); *Jules Jordan Video, Inc. v. 144942 Canada, Inc.*, 617 F.3d 1146, 1157 (9th Cir. 2010); *M.G.B. Homes, Inc. v. Ameron Homes, Inc.*, 903 F.2d 1486, 1490 (11th Cir. 1990).

4. *Urbont*, 831 F.3d at 83.

5. *Id.* at 83.

6. *Id.*

7. *Id.* at 84.

Man composition for use in the 2008 [*Iron Man*] movie.”⁸ In 1995, Urbont brought suit against Marvel for unauthorized use of the composition.⁹ As part of the settlement from that suit, he “agreed to release his claims and to license the works to Marvel.”¹⁰ The settlement referred to Urbont as “renewal copyright owner of the . . . Superhero Intros . . . and the Master Recordings thereof,” referred to Marvel as “Licensee,” and stated that Marvel does not risk “any liability to [o]wner.”¹¹

In 2000, Dennis Coles (the hip hop artist known as Ghostface Killah), Sony, and Razor Sharp Records released an album named *Supreme Clientele* that included the *Iron Man* composition on two songs.¹² They did not have permission from Urbont to use the *Iron Man* song, and Urbont was only made aware of the album years later.¹³ On June 30, 2011, Urbont filed a copyright infringement suit against Coles, Sony, and Razor Sharp Records—both sides moved for summary judgment.¹⁴ The district court concluded that Sony had standing to challenge Urbont’s ownership under the work for hire doctrine.¹⁵ According to the court, the *Iron Man* theme song was a work for hire because it was composed at Marvel’s “instance and expense,” and Urbont had not presented sufficient evidence of an ownership agreement with Marvel to dispute that the song was a work for hire.¹⁶ Additionally, the district court rejected Urbont’s argument that the 1995 settlement was “probative of the parties’ intent at the time the composition was written.”¹⁷ Following this lower court judgment, Urbont appealed the ruling to the Second Circuit Court of Appeals.¹⁸

Prior to this opinion, the Second Circuit had not explicitly decided “whether a third party to an alleged employer-employee relationship has standing to raise a ‘work for hire’ defense to copyright infringement.”¹⁹ While some courts have implicitly allowed the defense, very few decisions address this issue extensively or recognize the dangerous consequences of this allowance.²⁰ Among the few courts that have explicitly discussed the issue, there is an undeniable circuit split.²¹ In 1990, the Eleventh Circuit explicitly held that a third party infringer “does have the right to assert [a

8. *Id.*

9. *Id.*

10. *Id.*

11. *Id.*

12. *Id.*

13. *Id.*

14. *Id.* at 85.

15. *Id.*

16. *Id.*

17. *Id.*

18. *Id.*

19. *Id.* at 86.

20. *Psihoyos v. Pearson Educ., Inc.*, 855 F. Supp. 2d 103, 117 n.7 (S.D.N.Y. 2012) (“Courts have not dealt with this issue extensively . . .”).

21. *See, e.g., M.G.B. Homes, Inc. v. Ameron Homes, Inc.*, 903 F.2d 1486, 1490 (11th Cir. 1990); *Jules Jordan Video, Inc. v. 144942 Canada, Inc.*, 617 F.3d 1146, 1157 (9th Cir. 2010).

work-for-hire] defense.”²² In a more recent case, the Ninth Circuit rejected the use of the work for hire defense by a third party, specifically where both potential owners of the copyright are parties to the lawsuit and there is no issue of ownership between them.²³ In *Urbont*, the Second Circuit followed the Eleventh Circuit’s lead and concluded that “third parties to an alleged employer-employee relationship have standing to raise a ‘work for hire’ defense against a claim of copyright infringement.”²⁴

The Second Circuit began its opinion by disputing Urbont’s reliance on *Jules Jordan*, the Ninth Circuit case that rejected third party use of the work for hire defense.²⁵ The court argued the facts of *Jules Jordan* were distinguishable from the facts of the case at hand.²⁶ Most significant to the Second Circuit was the fact that Marvel, one of the potential owners of the copyright, was not a party to the lawsuit.²⁷ The court argued Marvel’s absence in the lawsuit made it uncertain whether Marvel would dispute Urbont’s copyright ownership, unlike in *Jules Jordan* where there was, unquestionably, no dispute.²⁸

Next, the Second Circuit agreed with the district court that analogizing Section 204 to the work for hire doctrine did not support precluding the work for hire doctrine as a third party defense.²⁹ It distinguished Section 204 by stating that it concerns “memorialization of an ownership transfer,” while the work for hire doctrine “guides the determination of ownership rights as between employers and employees or independent contractors.”³⁰ The court noted that “a plaintiff in a copyright infringement suit bears the burden of proving ownership of the copyright,” whether against an employer or a third party.³¹ Finally, the court pointed to cases that allowed third parties to dispute the validity of an ownership transfer, even though the third parties had been precluded from challenging a plaintiff’s ownership rights under the statute of frauds provision of Section 204.³² The court used these cases to conclude that “third parties . . . have standing to raise a ‘work for hire’ defense against a claim of

22. *M.G.B. Homes*, 903 F.2d at 1490.

23. *Jules Jordan*, 617 F.3d at 1157.

24. *Urbont*, 831 F.3d at 88.

25. *Id.* at 87 (citing *Jules Jordan*, 617 F.3d at 1157).

26. *Id.*

27. *Id.*

28. *Id.*

29. *Id.* at 87-88; see 17 U.S.C. § 204.

30. *Urbont*, 831 F.3d at 88.

31. *Id.* (citing *Island Software & Computer. Serv., Inc. v. Microsoft Corp.*, 413 F.3d 257, 260 (2d Cir. 2005)).

32. *Id.* (citing *Barefoot Architect, Inc. v. Bunge*, 632 F.3d 822, 830-31 (3d Cir. 2011) (holding that third party defendant lacked standing to challenge ownership under Section 204, but that plaintiff “failed to raise a triable issue of fact as to whether the alleged . . . oral transfer ever occurred”); *Eden Toys, Inc. v. Florelee Undergarment Co.*, 697 F.2d 27, 36 (2d Cir. 1982) (*superseded by rule*, FED. R. CIV. P. 52(a)) (precluding defendant’s challenge to assignment of ownership under statute of frauds, but remanding to district court to determine whether underlying transfer occurred)).

copyright infringement.”³³

The Second Circuit’s analysis is flawed and unpersuasive for three reasons. First, the court failed to analyze the work for hire doctrine within the underlying purposes of the Copyright Act. Second, the court inappropriately distinguished the present case from the Ninth Circuit *Jules Jordan* case. Finally, the court improperly dismissed the analogy of Section 204 of the Copyright Act, which provides a valid policy justification—third parties should not be allowed to raise work for hire as a defense to infringement.

To begin this discussion, it is helpful to review the history of the work for hire doctrine. *Urbont* must be analyzed under the now repealed Copyright Act of 1909 because the work in question was created in 1966, prior to the enactment of the Copyright Act of 1976.³⁴ Only two types of parties are authorized to sue for copyright infringement: (1) owners of copyrights, and (2) owners of exclusive licenses granted by copyright owners.³⁵ The work for hire doctrine was created to help determine which party—the employer or the employee—owns the copyright to a work created by an employee.³⁶ The Copyright Act of 1909 “made an employer the ‘author’ and initial copyright holder of ‘works made for hire.’”³⁷ The statute contained no further explanation of the works for hire exception, but a definition of work for hire slowly emerged from case law.³⁸ A groundbreaking case in the Second Circuit held that the employer is the author “whenever an employee’s work is produced at the instance and expense of his employer.”³⁹ The court further stated, “We see no sound reason why these same principles are not applicable when the parties bear the relationship of employer and independent contractor.”⁴⁰ The Second Circuit thus created a pure “instance and expense” test for works made for hire:

[The “work for hire”] doctrine is applicable . . . when the employee’s work is produced at the instance and expense of the employer, or, in other words, when the “motivating factor in producing the work was the employer who induced the creation”⁴¹

Simply put, under the work for hire doctrine of the 1909 Copyright Act, “an ‘employer’ who hires another to create a copyrightable work is

33. *Id.*

34. *See generally* Copyright Act of 1909, Pub. L. No. 60-349, 35 Stat. 1075 (*repealed by* the Copyright Act of 1976, 17 U.S.C. § 101 (2012)).

35. *Eden Toys*, 697 F.2d at 32 (citing 17 U.S.C. § 501(b) (1980)).

36. *See Jules Jordan Video, Inc. v. 144942 Canada, Inc.*, 617 F.3d 1146, 1157 (9th Cir. 2010).

37. *Easter Seal Soc’y v. Playboy Enters.*, 815 F.2d 323, 325 (5th Cir. 1987) (citing 17 U.S.C. § 26 (*repealed* 1976)).

38. *See id.*

39. *Id.* at 326 (quoting *Brattleboro Publ’g Co. v. Winmill Publ’g Corp.*, 369 F.2d 565, 567 (2d Cir. 1966)).

40. *Id.* (quoting *Brattleboro*, 369 F.2d at 568).

41. *Id.* at 327 (quoting *Siegel v. Nat’l Periodical Publ’ns, Inc.*, 508 F.2d 909, 914 (2d Cir. 1974)).

the ‘author’ of the work for purposes of the statute, absent an agreement to the contrary.”⁴²

As can be seen from the judicial history of the work for hire provision, the provision was created to settle disputes between an employer and an employee or independent contractor.⁴³ The provision was not created as a defense for a copyright infringer to use against the two potential owners of the copyrighted work. If permitted as a third party defense, the work for hire doctrine gives the alleged infringer, “rather than the creator of the work, the benefits of finding a work was not a work for hire.”⁴⁴ This outcome is incompatible with the overall purpose of the Copyright Act: to protect the rights of authors.⁴⁵

The Second Circuit glossed over important aspects of both the present case and the *Jules Jordan* case, making its conclusion to allow third party use of the work for hire defense illogical. The Second Circuit inappropriately focused on the fact that Marvel was not a party to the lawsuit in an unsuccessful attempt to distinguish the facts of *Urbont* from the facts of *Jules Jordan*.⁴⁶ *Jules Jordan* involved defendants that reproduced and distributed DVDs of copyrighted work created by an employee of the plaintiff company.⁴⁷ The facts demonstrated that “the only two parties with any possible claim to ownership . . . both believed and intended that” the employee owned the copyright.⁴⁸ Therefore, the Ninth Circuit held that “it would be unusual and unwarranted to permit a third parties . . .” to use the work for hire doctrine to avoid liability when there was no dispute between the two possible owners of the copyright and both are plaintiffs to the lawsuit.⁴⁹

The Second Circuit fixated on the fact that both possible owners of the copyright were plaintiffs in the lawsuit in *Jules Jordan*, while the two possible owners of the copyright of the *Iron Man* composition were not both plaintiffs in *Urbont*.⁵⁰ It implied that the two possible owners of the copyright, Marvel and Urbont, did not agree on who owned the copyright by arguing that Marvel did not have an opportunity to explain its position.⁵¹ The Second Circuit’s argument is illogical because the crucial question is whether there is a dispute between the two possible owners of the copyright, not whether both possible owners to the copyright are plaintiffs in

42. *Playboy Enters., Inc. v. Dumas*, 53 F.3d 549, 554 (2d Cir. 1995) (discussing 17 U.S.C. § 26 (repealed 1976)).

43. *See Easter Seal Soc’y*, 815 F.2d at 325–27; *Cnty. for Creative Non-Violence v. Reid*, 846 F.2d 1485, 1489 (D.C. Cir. 1988).

44. *M.G.B. Homes, Inc. v. Ameron Homes, Inc.*, 903 F.2d 1486, 1490 (11th Cir. 1990); *Easter Seal Soc’y*, 815 F.2d at 333.

45. *See generally* 17 U.S.C. § 106 (2012).

46. *See Urbont v. Sony Music Entm’t*, 831 F.3d 80, 87 (2d Cir. 2016).

47. *Jules Jordan Video, Inc. v. 144942 Canada, Inc.*, 617 F.3d 1146, 1150–51 (9th Cir. 2010).

48. *Id.* at 1156.

49. *Id.* at 1157.

50. *Id.* at 1156; *Urbont*, 831 F.3d at 87.

51. *Urbont*, 831 F.3d at 87.

the lawsuit.⁵² It can be assumed that no dispute exists between both possible owners to the copyright *if* they are both plaintiffs in the lawsuit. This is especially apparent in *Jules Jordan*, where the employee in question was also the sole officer, director, and shareholder of the company.⁵³ But because that is a rare situation, both possible owners to the copyright should not be required to be parties to the lawsuit in order for a court to find that there is no copyright ownership dispute between those parties.

When viewed through this alternative analysis, it is clear that the situation in *Urbont* was fundamentally the same as the situation in *Jules Jordan*. The *Jules Jordan* court found no dispute between the two possible owners of the copyright—the Second Circuit should have made a similar finding in the *Urbont* case.⁵⁴ Most significantly, Marvel and Urbont did not agree *in writing* that Urbont was the owner of the copyright of the *Iron Man* theme song.⁵⁵ The settlement between the parties referred to Urbont as the “renewal copyright owner” and to Marvel as the “licensee.”⁵⁶ Additionally, there was no evidence that Marvel had ever asserted that the *Iron Man* theme song was a work for hire.⁵⁷ The facts demonstrated that Marvel did not dispute Urbont’s ownership of the work and there was no dispute between the two possible owners of the copyright of the *Iron Man* composition.⁵⁸ Consequently, the Second Circuit’s attempt to distinguish *Urbont* from *Jules Jordan* by focusing on Marvel’s absence from the lawsuit distorts the *Jules Jordan* holding and is not a satisfactory basis for the court’s conclusion that Sony should be permitted to use the work for hire defense.

Moreover, the Second Circuit unreasonably disregarded the analogy of Section 204 of the Copyright Act because it provides a valid policy justification for the argument that third parties should not be allowed to assert the work for hire doctrine as a defense to copyright infringement. More than one circuit court has argued that the work for hire doctrine should be treated similarly to Section 204.⁵⁹ Courts have consistently held that Section 204 cannot be used by a third party to challenge the validity of a transfer of copyright ownership.⁶⁰ The Copyright Act of 1976 provides that “[a] transfer of copyright ownership . . . is not valid unless an instrument of conveyance, or a note or memorandum of the transfer, is in writ-

52. *See Jules Jordan*, 617 F.3d at 1156–57.

53. *Id.* at 1156.

54. *Id.* at 1157.

55. *Urbont*, 831 F.3d at 84.

56. *Id.*

57. *See id.* at 83; *Psihoyos v. Pearson Educ., Inc.*, 855 F. Supp. 2d 103, 118 (S.D.N.Y. 2012).

58. *Urbont*, 831 F.3d at 83–84.

59. *See Jules Jordan*, 617 F.3d at 1157; *Billy-Bob Teeth v. Novelty, Inc.*, 329 F.3d 586, 592–93 (7th Cir. 2003).

60. *See Jules Jordan*, 617 F.3d at 1157; *Billy-Bob Teeth*, 329 F.3d at 592–93; *Imperial Residential Design, Inc. v. Palms Dev. Grp., Inc.*, 70 F.3d 96, 99 (11th Cir. 1995); *Eden Toys, Inc. v. Florelee Undergarment Co.*, 697 F.2d 27, 36 (2d Cir. 1982) (*superseded by rule*, FED. R. CIV. P. 52(a)).

ing and signed by the owner of the rights conveyed.”⁶¹ The purpose of Section 204 is to resolve disputes between copyright owners and transferees and, like the Statute of Frauds, to “protect copyright holders from persons fraudulently claiming oral licenses.”⁶² When there is no dispute between the owner and the licensee about the transfer, it would be “anomalous to permit a third party infringer to invoke this provision against the licensee.”⁶³ Although the work for hire section is not a Statute of Frauds section like Section 204, “the reasoning . . . is nonetheless applicable.”⁶⁴ The work for hire doctrine is designed to establish ownership of a work between an employer and an employee.⁶⁵ The doctrine was created to protect the copyright owner of work, whether that be the employer or employee in a given situation, just as Section 204 was created to protect copyright holders. It would be “unusual and unwarranted” to allow third party defendants, such as Sony in the present case, to avoid liability for infringement by invoking the work for hire doctrine when there is no apparent dispute between the two potential owners.⁶⁶ Therefore, Sony should not have been permitted to raise the work for hire defense as a third-party infringer.⁶⁷

Due to the existing circuit split, there is a need for clarity in whether third parties can assert the work for hire defense.⁶⁸ As a practical matter, plaintiffs suing for copyright infringement are currently uncertain as to whether alleged infringers will be permitted to raise a work for hire defense. If all federal appellate courts recognize a third party work for hire defense, it will change the manner in which plaintiffs assert their claims. Plaintiffs will essentially be forced to join other potential owners of the copyright to the suit to ensure that the work for hire defense will not allow the defendant to escape liability. This will bring more parties to court, decrease efficiency, and make it more difficult to bring successful copyright infringement suits. As a theoretical matter, this outcome is an affront to the purpose of the Copyright Act. The Copyright Act was created to protect the rights of copyright owners from infringement. It was not created to help alleged, and many times admitted, infringers find a loophole through which they can escape liability for infringement. It would be a sad conclusion if copyright owners were harmed by the very Act created to protect them.

61. 17 U.S.C. § 204(a) (2012).

62. *Jules Jordan*, 617 F.3d at 1157; *Billy-Bob Teeth*, 329 F.3d at 592; *Imperial Residential Design*, 70 F.3d at 99; *Eden Toys*, 697 F.2d at 36.

63. *Eden Toys*, 697 F.2d at 36.

64. *Jules Jordan*, 617 F.3d at 1157. The *Jules Jordan* court discusses the work for hire doctrine of the Copyright Act of 1976. However, the basic analogy between the work for hire doctrine and § 204 is equally applicable to the work for hire doctrine of the Copyright Act of 1909.

65. *Id.* (citing 17 U.S.C. § 101).

66. *Id.*

67. *See id.*

68. *See id.*; *Urbont v. Sony Music Entm't*, 831 F.3d 80, 88 (2d Cir. 2016).